

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY TO REVISE)
THE RATE FOR THE UTILITY FACILITY RELOCATION)
CHARGE ("UFRC") TO RECOVER COSTS INCURRED IN) PSC Docket No. 16-0671
CONNECTION WITH THE RELOCATION OF ELECTRIC)
UTILITY FACILITIES)
(FILED MAY 26, 2016))

ORDER NO. 8911

This 12th day of July 2016, the Commission determines and Orders the following:

WHEREAS, under the provisions of 26 Del. C. §315, an electric utility may calculate and collect a Utility Facility Relocation Charge ("UFRC Rate"), which allows the utility to recover certain incurred expenses related to the relocation of electric facilities as required or necessitated by the Department of Transportation or other governmental agency projects; and

WHEREAS, pursuant to 26 Del. Admin. C. §1009, a particular electric utility's UFRC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect Eligible Utility Facility Relocations ("Eligible Improvements") put into service or removed, abandoned or retired within the preceding six months' and

WHEREAS, on November 30, 2015, Delmarva Power & Light Company ("Delmarva Power") filed an application in PSC Docket No. 15-1603 seeking approval to establish the UFRC Rate of 0.36% based on net utility plant additions of \$3,369,412.59, a semi-annual revenue

requirement of \$361,737.27, and semi-annual projected distribution revenues in the amount of \$99,749,767.00;¹ and

WHEREAS, on December 15, 2015, the Commission approved Delmarva Power's application to establish its UFRC Rate of 0.36% effective January 1, 2016, subject to annual review, audit, and reconciliation by the Commission Staff ("Staff").² Delmarva Power is currently collecting the UFRC Rate of 0.36% for the rate-recovery period of January 1, 2016 through June 30, 2016; and

WHEREAS, on April 21, 2016, Staff began the Annual Reconciliation and Audit ("2016 Audit") with Delmarva Power to discuss and compile the documentation that Staff deemed necessary to complete the audit of the UFRC component and calculations for Docket No. 15-1603. The 2016 Audit for Docket No. 15-1603 has not yet concluded; and

WHEREAS, on May 17, 2016, Delmarva Power filed an electric base rate case, which was opened as Docket No. 16-0649. The Commission approved Order No. 8900 on June 7, 2016 allowing Delmarva Power to put interim rates into effect on or after July 16, 2016; and

WHEREAS, the statutory provisions establishing UFRC Rates and Distribution System Improvement Charge ("DSIC") rates are similar, and the Commission regulations governing recovery of expenditures through the DSIC and the UFRC are the same; and

WHEREAS, the Commission has previously determined in its review of DSIC rates, as they apply to water utilities, that once the water

¹ This was Delmarva Power's first application for approval of an electric UFRC Rate since the regulations were implemented and the Commission issued its final order in PSC Docket No. 13-115, which was Delmarva's most recent electric base rate case. Delmarva Power sought to recover UFRC costs incurred from January 1, 2013, through September 30, 2015. See Exhibit "A" of Application.

² See PSC Order No. 8838, Docket No. 15-1603.

utility files a base rate case, the statute requires the water utility to reset its existing DSIC Rate to zero at the time its interim rates from the pending rate case are allowed to go into effect; and

WHEREAS, on May 26, 2016, Delmarva Power filed an application (the "Application") seeking to revise the UFRC Rate of 0.36% to include an increase of 0.05% for a new UFRC Rate of 0.41%. The revised UFRC Rate is based on net utility plant additions in the amount of \$611,232.72, a semi-annual revenue requirement of \$47,783.21, and semi-annual projected distribution revenues in the amount of \$103,811,157.00; and

WHEREAS, Staff has reviewed the Application to ensure compliance with the provisions of 26 *Del. C.* §§314 and 315 and 26 *Del. Admin. C.* §1009, and has determined that the requested UFRC Rate of 0.41% can go into effect for the period July 1, 2016 through July 15, 2016, but that once the interim rates associated with the pending base rate case are implemented on July 16, 2016, the prior UFRC Rate of 0.36% must be reset to zero, as mandated by the statute and regulations, and only the prospective rate of 0.05% for projects placed into service January 1, 2016 through April 30, 2016 may be collected; and

WHEREAS, Staff's proposed rate of 0.05% to become effective on July 16, 2016 is consistent with prior Commission decisions involving DSIC rates and the statute and regulations applicable to UFRC Rates; and

WHEREAS, the Commission heard oral argument from counsel representing Delmarva Power, the Commission Staff and the Division of

the Public Advocate ("DPA") at its regularly-scheduled meeting on June 28, 2016;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE
OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 *Del. C.* §§314 and 315 and 26 *Del. Admin. C.* §1009, the Commission will allow Staff's proposed UFRC Rate of 0.05% to become effective on July 16, 2016 once interim rates associated with the pending base rate case are implemented, subject to audit (the "Audit") and our final approval.³ Staff and the DPA shall coordinate with Delmarva Power in the conduct of the Audit.

2. Pursuant to 26 *Del. C.* §§314 and 315 and 26 *Del. Admin. C.* §1009 and the findings above, the Commission will allow the rate of 0.41% to become effective for the period July 1, 2016 through July 15, 2016.

3. If the Commission later finds that the UFRC Rate does not comply, in whole or in part, with the statutory prerequisites or was improperly calculated, the Commission may revise the UFRC Rate and provide an appropriate remedy for any UFRC charges improperly collected. Delmarva Power is thus put on notice that it may be obligated to refund or reimburse its customers in such a situation.

4. Pursuant to 26 *Del. C.* §§314(b)(8) and 315(c), the Commission reserves jurisdiction and authority to conduct the Audit.

5. Pursuant to 26 *Del. C.* §§314(b)(1) and 315(c), Delmarva shall provide information to its customers concerning the UFRC Rate.

³ Consistent with our DSIC orders, we do not specifically approve this UFRC Rate, but rather will rely on the Audit to ensure compliance with all applicable laws and regulations.

6. Delmarva Power is hereby notified that it will be assessed the costs incurred by its Staff and by the DPA in this proceeding pursuant to 26 Del. C. §114(b).

7. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary